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# MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE

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February 17, 2021

## Maryland RELIEF Act of 2021 Payments

On February 15, 2021 Governor Hogan signed into law the RELIEF Act of 2021 (“RELIEF Act” or the “Act”). The RELIEF Act, an emergency measure, was effective upon signature and, among other things, provides direct stimulus payments to qualifying Marylanders. In accordance with the Act, the Maryland Comptroller has started sending and will send, over the course of the coming weeks, certain pandemic relief payments (the “Relief Payments”) to Maryland taxpayers. The Relief Payments will take the form of direct deposits to taxpayers’ accounts and physical checks that will be mailed to taxpayers. The Relief Payments are intended to provide Maryland taxpayers with assistance, by means of direct cash payments, in meeting their immediate expenses for items such as food and health care items and services.

This Advisory contains guidance from the Commissioner of Financial Regulation (“Commissioner”) regarding the processing of Relief Payments by banks and credit unions.

### Handling of RELIEF Act Direct Deposits

The majority of Relief Payments will be made by direct deposit. The direct deposit payments to taxpayers’ accounts are exempt from Maryland laws on garnishment and set-off unless the garnishment relates to an action for or judgment awarding child support. Consequently, the Commissioner is strongly urging banks and credit unions to immediately review their processes and automated system settings to ensure that they do not, whether intentionally or inadvertently, intercept, hold or set-off against the Relief Payments in order to permit those funds to be used by Maryland taxpayers for the intended purposes. Recognizing the emergency nature of this Act and the short notice provided to financial institutions about the Relief Payments, the Commissioner will not consider an institution to have improperly held a Relief Payment, and hence violated the RELIEF Act (i.e., if the institution subjected a Relief Payment or any portion thereof to a hold under its normal garnishment or set-off procedures) if the institution can demonstrate the following:

- 1) it had or was in the process of adjusting its systems and process to properly process Relief Payments at the time the Relief Payment was received;
- 2) the Relief Payment was inadvertently held or set off before it was identified as a Relief Payment;
- 3) the institution promptly refunded any amounts improperly set off by the institution;

- 4) the institution promptly unencumbered any amounts improperly held by the institution;
- 5) the institution promptly refunded any NSF, overdraft or similar fees caused by the improper set off or holding of the Relief Payment; and
- 6) the institution made all such funds available to the taxpayer immediately after refunding them to the account or unencumbering them as set forth herein.

### **Handling of RELIEF Act Checks**

The Maryland Comptroller will also send Relief Payments in the form of checks to certain taxpayers. Thousands of individuals are due to receive their payments via such checks. Relief Payment funds paid by checks to taxpayers' accounts are exempt from Maryland laws on garnishment and set-off unless the garnishment relates to an action for or judgment awarding child support. Recognizing the emergency nature of this Act and the short notice provided to financial institutions about the Relief Payments, the Commissioner will not consider an institution to have improperly held a Relief Payment, and hence violated the RELIEF Act (i.e., if the institution subjected the funds from a Relief Payment check or any portion thereof to a hold under its normal garnishment or set-off procedures if the institution can demonstrate that:

- 1) it had or was in the process of adjusting its systems and process to properly process Relief Payments;
- 2) the Relief Payment was inadvertently held or set off before it was identified as a Relief Payment;
- 3) the institution promptly refunded any amounts improperly set off by the institution;
- 4) the institution promptly unencumbered any amounts improperly held by the institution;
- 5) the institution promptly refunded any NSF, overdraft or similar fees caused by the improper set off or holding of the Relief Payment; and
- 6) the institution made all such funds available to the taxpayer immediately after refunding them to the account or unencumbering them as set forth herein.

The Commissioner is encouraging all financial institutions to cash the Relief Payment checks for their customers and non-customers alike and to do so without charging consumers any fees for processing these transactions.

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*The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at [www.labor.maryland.gov/finance](http://www.labor.maryland.gov/finance).*



Office of the Commissioner of Financial Regulation